



February 16, 2006

The Honorable Mayor Frederick E. Turnage  
And Members of the City Council  
City of Rocky Mount  
North Carolina

Dear Ladies and Gentlemen;

It is my pleasure to submit for your review and consideration this Recommended Capital Improvement Program for fiscal years 2007-2011. This Plan will provide the resources to maintain and improve the City's infrastructure over the coming years. I recommend this program and believe it will serve the City of Rocky Mount well.

Capital Improvement Program

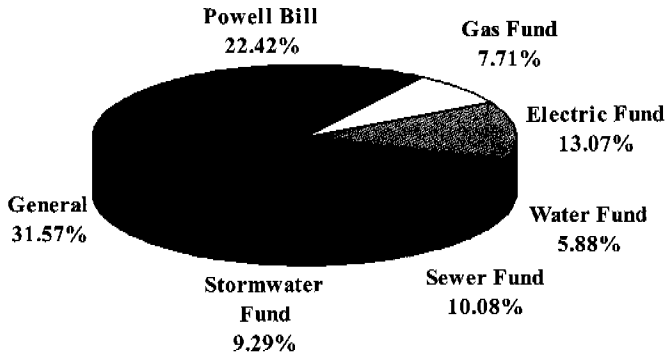
This 2007-2011 Capital Improvement Program (CIP) includes 156 projects for a total funding requirement of \$105,427,300. The first year of the CIP or Capital Budget includes 90 projects with a total funding requirement of \$16,821,900. Upon review and adoption by the City Council, the recommended projects contained in the first year of the CIP will become the Capital Budget and their funding will be incorporated in the FY 06-07 Operating Budget.

<b>Funding Requirements</b>	
FY 06-07	\$16,821,900
FY 07-08	\$15,152,400
FY 08-09	\$26,039,000
FY 09-10	\$20,065,400
FY 10-11	\$27,348,600
<b>Total</b>	<b>\$105,427,300</b>

Overall, this recommended Capital Improvement Program represent a 1% decrease over last year's Recommended Plan.

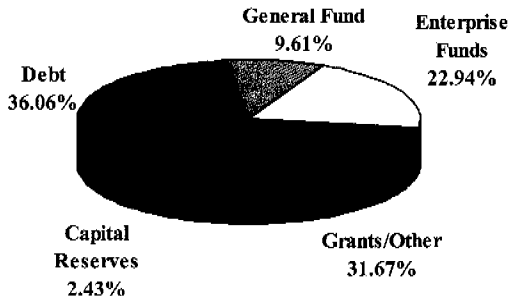
The chart below shows a diverse Capital Improvement Program with projects representing a variety of funds and service areas. The General Fund projects total approximately \$33 million. A large share of this amount is funding related to the Douglas Block redevelopment and Downtown revitalization. Overall, these expenditures by fund are similar to last year's comparisons.

### Expenditures by Fund



The funding plan relies on debt proceeds for the largest portion of the CIP plan. These proceeds will come from a variety of sources including lease purchases, state revolving loan fund and lease to own funding for the Imperial Center.

### Revenues by Type



### **Financial Overview**

The economy at the national and state levels is improving, and the local economy appears to be responding as well, but more slowly than predicted. While improving economic activity is evident, the City continues to experience a sluggish but improving economy. This has particularly affected the utility operations where sales have declined in some utilities. Our local industries have struggled over the past several years. Their problems result in diminished utility revenues, which translate to fewer funds for operations and capital projects. We anticipate slow growth in revenue, but are faced with continuing cost increase for fuel, contractual services and fringe benefits for our employees, as well as increases in operating costs.

While it appears the State budget woes may be easing relative to local revenues, we must be cautious. For the past five years, the State has started the calendar year with a significant budget shortfall. Unfortunately, the State has looked to local governments to help resolve this shortfall by withholding reimbursements and state collected local revenues. There are no indications that the State will withhold local revenues, but we are cautious and continue to monitor the Legislature's budget deliberations.

There are several large capital projects, which were completed in FY 2005-06 or are nearing completion including the Imperial Center, the Sports Complex, and the Senior Center. As these projects reach operational status, these new and expanded facilities increase operational costs. Other large projects such as water and sewer expansions have debt repayments that must now be funded in the FY 2006-07 budget.

For these reasons, we have been very cautious and conservative in preparing the CIP and budget over the last several years and continue that practice this year. In many cases, projects have been eliminated, reduced in scope or delayed.

This year, we have carefully scrutinized each and every requested capital project. The objective is to ensure the CIP reflects not only what is needed and when, but also what is possible and a commitment for completion.

### **Funding Decisions**

Overall I believe this is a sound CIP. It provides a cautious approach to capital spending. In developing their requests, I asked the department to keep in mind the following:

- Maintain approximately the same level of spending from one year to another.
- Fund maintenance related items along with new facilities and equipment
- Take advantage of grants and funding from outside sources whenever possible
- Maintain the established schedule as closely as possible.

As I reviewed the requested projects, I gave the highest funding priority to projects which supported existing services and service levels, and which supported commitments of the City.

During the course of the next few pages, I will review the recommended CIP both in broad terms and specifics, and the projects included in the Capital Budget. More information about each project may be found on the accompanying detail sheets.

### **Recommended Projects**

#### **General Fund**

The largest projects in the General Fund are the Rocky Mount Sports Complex, Douglas Block redevelopment and Downtown enhancements. Along with the project cost are costs of grant matches and repayment of debt associated with these projects. These costs exist long after the project is complete. The operational costs on new facilities such as the Sports Complex will be included in the City's operating budget.

The recommended CIP includes three maintenance related projects for City Hall. These projects include: City Hall Chiller replacement (\$240,000) and City Hall Reroofing (\$240,000). City Hall is over 20 years old and it is time to begin the replacement and upgrade of these components. Other funded facility improvements are recommended for the Field Service Complex (\$100,000).

In the Capital Budget, we are proposing several Public Safety projects. Funds are included for additional cost to renovate Fire Station #6 that has a problem with water and mold that must be addressed as soon as possible for health and safety reasons. This project was funded and financed in FY 2005-06 for \$400,000 and an additional \$200,000 is needed based on bids received. There is also funding to replace a fire squad truck (\$350,000). The current fire squad truck is 16 years old. As in previous years, there is a Police Department project for Patrol vehicle replacement (\$1.5 million over 5 years). Our experience indicates that we should plan for regular replacement of a portion of these units every year. The Police Department must have a dependable fleet of patrol vehicles to maintain a consistent presence in neighborhoods and to respond to emergencies. Finally, funds are included to continue improvements to the Emergency Notification System. This project is funded by a grant.

The CIP includes funds for improvements at City Lake, Battleboro Park and continued work at the BBQ Park. These funds will be needed only if the City is successful at obtaining additional grants for the improvements. As we continue to maintain existing facilities, funds are provided to replace the roof RM Wilson Gym and for repairs to the Senior Center. There are future capital improvement plans to provide improvements to the Booker T Washington Community Center and the South Rocky Mount Community Center.

Finally, we are moving forward with projects in the Central City. Projects for FY 2006-07 will provide funding for the Douglas Block Redevelopment including assessment and design plans, potential acquisition of properties, and streetscape improvements. This project is funded primarily by a Section 108 loan. The funding for repayment of the loan, which is significant, is included in the CIP. The Downtown enhancement project for FY 2006-07 provides for a Streetscape Plan and landscaping projects. Funds are allocated throughout the 5-year CIP for both the Douglas Block and Downtown enhancements.

#### **Powell Bill**

We continue to budget funds for resurfacing (\$4 million) over the next five years. This year, the Powell Bill fund will cover the improvements to Spring Street. Funding is also provided to reconfigure railroad crossings in the City. The City will continue traffic mitigation projects that were identified in the Traffic Separation study. The projects mitigate the impact of railroad crossing closures. The City continues to pursue grants for sidewalk construction and we are budgeting over a \$1 million for repair and construction of new sidewalks.

The City is designated as a non-attainment area under the Clean Air Act. As a result, funds are available for Congestion Management projects to reduce emissions and improve air quality. These projects include intersection improvements and sidewalks.

The Powell Bill continues to reimburse the Stormwater and General funds for operational costs in these funds attributable to runoff load generated by streets and highways.

#### **Public Utilities**

Three years ago, the Public Utilities Department prepared a long-range plan for both the gas and electric utilities. The intent of the plan was to identify projects needed maintain the system as well as necessary improvements. The CIP seeks to implement these long-range plans.

Some of the more costly projects include the upgrade of substations (\$3.9 million), transmission pole replacement (\$1,250,000), distribution system improvements (\$1,250,000), and installation of automated meter reading equipments (\$2 million).

As with the Electric Fund, the Gas CIP begins the implementation of the long-range plan for the gas system. Projects will provide both for the system expansion and maintenance. The CIP provides funds to continue the aggressive program for cast iron pipe replacement (\$1,250,000), construction of a Peak Shaving facility (\$1,550,000), installation of automated meter reading equipment (\$1.7 million), and the installation of new mains and services. This Peak Shaving facility will provide gas during peak periods eliminating the need for peak gas (the most costly gas to purchase.)

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### **Water Resources**

Water and Sewer system improvements include the equipment replacement, extension of water and sewer lines, relining ductile iron water pipes, automated meter reading equipment, upgrades to sewer lift stations, and ongoing improvements to the water and sewer system.

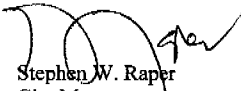
### **Stormwater**

This CIP reflects the priorities of the Stormwater Utility. The City has a detailed plan for addressing the Stormwater needs. Over the next three years, the City will continue to concentrate on preparing basin mapping and modeling of the stormwater system. This mapping and modeling will allow for a comprehensive approach to handling stormwater in the City. In concert with the mapping, funds are included for construction of facilities and drainage structures. There are funds included in all years of the CIP for drainage improvements. There is also funding for equipment that is necessary for Stormwater maintenance needs.

### **Conclusion**

I look forward to presenting and discussing this very important document with the City Council. Upon the Council's collective review and approval, the recommendations contained in the first year of the CIP will be incorporated in the FY 2006-07 Operating Budget.

Sincerely,



Stephen W. Raper  
City Manager

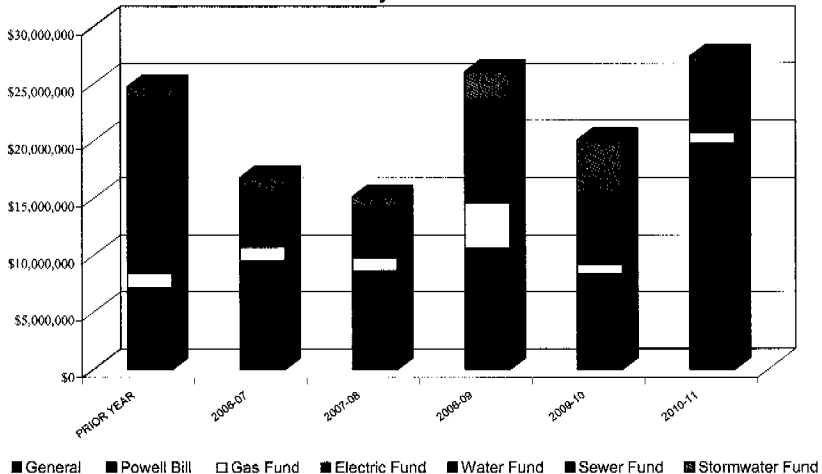
## 2007-11 Capital Improvement Program - Summary

REVENUE SUMMARY	PRIOR YEAR COST	2006-07 BUDGET	2007-08 PLAN	2008-09 PLAN	2009-10 PLAN	2010-11 PLAN	2007-11 PLAN TOTAL
Grants/Other	\$4,217,774	\$3,988,000	\$4,494,400	\$5,290,300	\$5,033,900	\$14,585,800	\$33,392,400
Capital Reserves	\$401,300	\$1,223,700	\$476,100	\$363,400	\$373,400	\$130,000	\$2,566,600
Debt	\$13,392,000	\$4,697,000	\$2,694,000	\$13,960,000	\$9,569,000	\$7,100,000	\$38,020,000
General Fund Contribution	\$1,310,974	\$2,028,200	\$2,420,900	\$2,212,300	\$1,826,100	\$1,429,800	\$9,917,300
Enterprise Fund Contribution	\$5,405,554	\$4,885,000	\$5,067,000	\$4,213,000	\$3,263,000	\$4,103,000	\$21,531,000
<b>Funding Total</b>	<b>\$24,727,602</b>	<b>\$16,821,900</b>	<b>\$15,152,400</b>	<b>\$26,039,000</b>	<b>\$20,065,400</b>	<b>\$27,348,600</b>	<b>\$105,427,300</b>

### EXPENDITURE SUMMARY

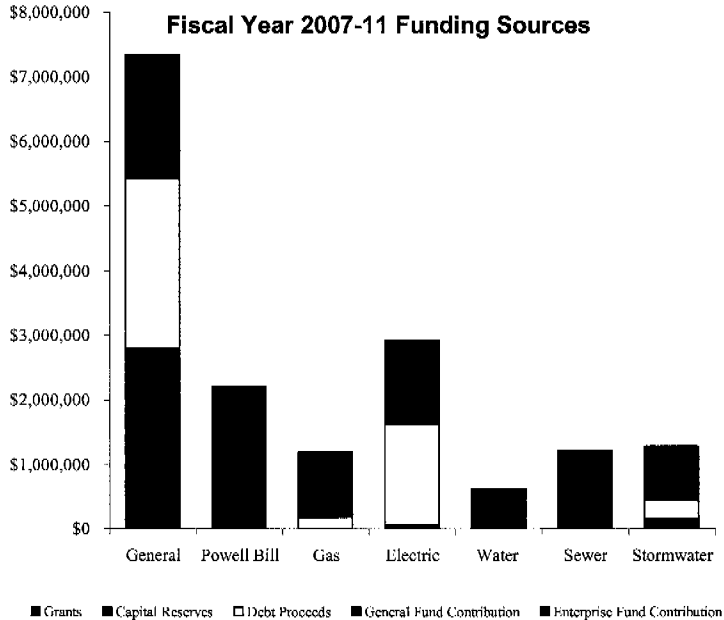
General	\$3,935,648	\$7,346,500	\$6,226,400	\$7,880,000	\$6,295,400	\$5,530,600	\$33,278,900
Powell Bill	\$3,227,000	\$2,208,400	\$2,427,000	\$2,734,000	\$2,085,000	\$14,178,000	\$23,632,400
Gas Fund	\$1,251,800	\$1,195,000	\$1,100,000	\$3,090,000	\$850,000	\$990,000	\$8,125,000
Electric Fund	\$3,718,654	\$2,920,000	\$2,155,000	\$2,850,000	\$3,055,000	\$2,800,000	\$13,780,000
Water Fund	\$4,396,600	\$635,000	\$860,000	\$3,125,000	\$575,000	\$1,000,000	\$6,195,000
Sewer Fund	\$7,266,000	\$1,227,000	\$1,504,000	\$2,940,000	\$2,515,000	\$2,440,000	\$10,626,000
Stormwater Fund	\$932,000	\$1,290,000	\$880,000	\$2,520,000	\$4,690,000	\$410,000	\$9,790,000
<b>Funding Total</b>	<b>\$24,727,702</b>	<b>\$16,821,900</b>	<b>\$15,152,400</b>	<b>\$26,039,000</b>	<b>\$20,065,400</b>	<b>\$27,348,600</b>	<b>\$105,427,300</b>

**2007-11 Capital Improvement Program  
by Fund**



## Capital Budget - FY 2007-11

<b>FUNDING SOURCES:</b>	<b>General</b>	<b>Powell Bill</b>	<b>Gas</b>	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>TOTAL</b>
Grants	\$1,904,600	\$1,933,400	\$0	\$50,000	\$0	\$0	\$100,000	\$3,988,000
Capital Reserves	\$888,700	\$275,000	\$0	\$0	\$0	\$0	\$60,000	\$1,223,700
Debt Proceeds	\$2,637,000	\$0	\$185,000	\$1,585,000	\$0	\$0	\$290,000	\$4,697,000
General Fund Contribution	\$1,916,200	\$0	\$0	\$112,000	\$0	\$0	\$0	\$2,028,200
Enterprise Fund Contribution	\$0	\$0	\$1,010,000	\$1,173,000	\$635,000	\$1,227,000	\$840,000	\$4,885,000
<b>TOTAL</b>	<b>\$7,346,500</b>	<b>\$2,208,400</b>	<b>\$1,195,000</b>	<b>\$2,920,000</b>	<b>\$635,000</b>	<b>\$1,227,000</b>	<b>\$1,290,000</b>	<b>\$16,821,900</b>





# Capital Budget - FY 2007-11

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These are the projects which comprise the FY 07-11 Capital Budget. Upon concurrence by the City Council, these projects will be included in the FY 06-07 Operating Budget.

<u>Project</u>	<u>Amount</u>
Douglas Block Redevelopment	\$1,541,200
Upgrade Substation # 2	\$1,300,000
Resurfacing Program	\$750,000
Senior Center - Building Payments	\$700,000
Braswell Library Debt Payments	\$694,100
Stormwater System Inventory	\$460,000
Equipment Replacement - Environ. Services	\$445,000
Stormwater Utility Capital Reimbursement	\$400,000
Transfer Station Refurbishing	\$375,000
Equipment Replacement - Fire	\$350,000
Stormwater General Fund Reimbursement	\$350,000
Downtown Enhancements SAFETEA Project	\$340,000
Crossing at 64 Project	\$300,000
Police Vehicle Replacement	\$300,000
New Mains - Gas	\$300,000
Stormwater Maintenance Equipment	\$290,000
Equipment Replacement - Electric	\$285,000
Equipment Replacement - Streets	\$267,000
Transit Bus Major Maintenance Items	\$265,000
Distribution System Improvements - Electric	\$250,000
Transmission Pole Replacement	\$250,000
Replace Cast Iron Gas Main	\$250,000
Park Improvements	\$225,000
Transit Vehicle Acquisition (Tar River Transit Vans)	\$224,000
Additions to WWTP Gen Sets	\$215,000
Transit - Resurface Coastline Street	\$200,000
Repairs/Construction - Fire Station 6	\$200,000
Automated Meter Reading -Electric	\$200,000
Petition Line Extensions - Sewer	\$200,000
Eastern Tar/Gay Branch (Springfield Rd)	\$200,000
Equipment Replacement - Gas	\$185,000
Sidewalks	\$175,000
Imperial Centre for Arts and Sciences	\$150,000
Radio System Improvements	\$150,000
New Services -Gas	\$150,000
Gas System Expansion	\$150,000
Sewer Rehabilitation Program	\$150,000
Basin Master Planning	\$150,000
Equipment Replacement - Sewer	\$145,000

# Capital Budget - FY 2007-11

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NCDOT Match Projects	\$136,400
Traffic Separation Mitigation Projects	\$135,000
Oversized Sewer Main Agreements	\$125,000
Field Service Complex Improvements	\$100,000
Sidewalk Repair	\$100,000
Load Management Program	\$100,000
Utility GIS & Dispatching System	\$100,000
Sectionalizing Plan - Electric	\$100,000
Automated Meter Reading - Gas	\$100,000
Neighborhood Fire Protection - Water	\$100,000
Electronic Meters Installation - Water	\$100,000
Re-line Ductile Iron Pipe Water Lines	\$100,000
Electronic Meters Installation - Sewer	\$90,000
Emergency Notification System	\$85,000
Sports Complex Equipment	\$84,000
Street Light Improvement	\$75,000
Water Resources SCADA System	\$75,000
Manhole Rehabilitation Program - Sewer	\$75,000
Replace Internal Recycle Pumps	\$72,000
Bus Purchase Loan Repayment	\$71,200
Reservoir Water Quality Evaluation	\$70,000
Transit Lift	\$65,000
Streets -Stormwater Office Renovation	\$65,000
Transformer Shop Addition	\$60,000
Gas Meter Prover	\$60,000
Lift Station SCADA Project	\$60,000
Fill Mitigation Project - Strawbush Drainage	\$60,000
Fleet Maintenance Interior Improvements	\$55,000
BBQ Park	\$50,000
Gymnasiums and / or Community Centers	\$50,000
Senior Center	\$50,000
Signal System Improvements	\$50,000
Regulatory Sign Replacement Program	\$50,000
Relocation of Utility Lines - DOT	\$50,000
Hydrilla Management	\$50,000
Petitioned Water Line Extensions	\$50,000
Oversized Water Main Agreements	\$50,000
City Lake Improvements	\$40,000
New Fuel Pumps for City Fueling Site	\$40,000
Bulk Chemical Storage Tanks	\$40,000
Water Quality Evaluation	\$40,000
Paving Rear Equipment Parking Area	\$35,000
Opportunities Indust. Center (OIC) Building Repairs	\$30,000
Cemetery Improvements	\$30,000
Sewer Lift Station Generators	\$30,000
Minor Drainage Improvements	\$30,000

# Capital Budget - FY 2007-11

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Neighborhood Traffic Management Program	\$25,000
Pavement Marking Program	\$25,000
Dirt Street Sewer Extensions	\$25,000
Transit Benches and Shelters	\$20,000
Railroad Crossing Safety Projects	\$12,000

**\$16,821,900**

A Capital Improvement Program (CIP) is a guide for the efficient and effective provision of public services and facilities. It proposes the development, modernization, or replacement of public physical assets over a multi-year period, arranges these projects sequentially based on priorities, and assigns an estimated cost and anticipated method of financing for each project. The Capital Improvement Program represents the City's long-range plan for the development of the City as a schedule of public improvements that identifies the City's present and future needs and priorities.

The CIP is of major importance in that it touches each city resident and visitor through the provision of health, safety, transportation, recreation, and utility services. As a policy tool, the CIP provides information to make investment decisions to groups interested in City growth and development, and is a statement of intention for federal and state agencies that provide grants-in-aid to the City. Benefits of the CIP and its development process include:

1. Promotes the strategic use of the city's limited financial resources
2. Examines and prioritizes the needs of the city, assuring that the most essential improvements are provided first
3. Coordinates and consolidates departments' requests, avoiding duplication of projects and equipment
4. Identifies the timing, phasing, location, and funding of all capital improvements in a comprehensive manner
5. Allows for sufficient time for investigation of project financing, implementation measures, and proper technical design
6. Coordinates physical planning to ensure maximum benefit from available public funds
7. Attempts to provide an equitable distribution of public improvements throughout the City
8. Provides a basis for formulation of long-term debt programs and a basis for the pursuit of state and federal aid

The development of the CIP plays an important part in the City's budget process. The first year of the CIP provides guidelines for and ultimately reflects the Capital Budget with the following four years becoming the Capital Improvement Program.

## Definition of Capital Improvement

In this CIP, **capital improvements are defined as physical assets, constructed or purchased, that have a minimum useful life of three years and a minimum cost of \$50,000.** Normal replacement of vehicles or equipment and normal recurring renovation costing less than \$50,000 are not included in the Capital Improvement Program.

### *Examples:*

1. *New and expanded physical facilities for the community over the \$50,000 threshold*
2. *Large-scale rehabilitation or replacement of existing facilities.*
3. *Major pieces of equipment which are costly and have a long expected life*
4. *The cost of engineering or architectural studies and services necessary to plan and complete improvements*
5. *The acquisition of land for a community facility such as a park, highway, sewer line, etc.*

# **Development of the Capital Improvement Program**

The Capital Improvement Program process begins in December when the departments formulate their capital project requests. The departments review their previously submitted requests revising and updating the project description, cost estimates and timing based on current information. New projects are submitted for inclusion in the CIP. When submitting new projects, departments must estimate costs, suggest a schedule of funding for completion, and identify possible funding alternatives. Additionally, departments must evaluate and give a Category of Expenditures rating to all projects. These ratings help to justify the need for a project, but are not the sole criteria for determining the funding or scheduling of a project. They serve as a guide for acceptance and/or inclusion of a project. The Categories of Expenditures are:

1. Legally mandated
2. Eliminates hazards to persons
3. Eliminates hazards to property
4. Ordered by City Council with or without petition
5. Current level of service cannot be continued unless work is done
6. Current level of service cannot be assured unless work is done
7. Extends life of facility more than five (5) years
8. Improves efficiency or generates additional revenue with initial cost being recovered by savings within less than five (5) years.
9. Improves efficiency or generates additional revenue with initial cost being recovered by savings within more than five (5) years and less than ten (10) years.
10. Expansion of service is deemed necessary
11. Needed to implement a new program or activity being requested in the operating budget
12. Other as needed

The key role in the initial stages of capital programming falls upon the operating departments. By virtue of their technical knowledge and experience in the individual fields, it becomes their responsibility to initiate project requests formulated in a manner that states the merits of each project, as well as that project's relative importance in the department's overall program.

Concurrent with the preparation of the CIP requests, the Budget Manager and Finance Director collect and analyze the financial information determining the resources available in the coming years. The Budget Manager is also available to aid departments in their preparation of CIP requests.

## **Development of the Capital Improvement Program**

After the compilation of the CIP requests, the Finance Director, Budget Manager, Assistant City Managers, and City Manager review all projects. Projects are reviewed relative to community need and proposed funding. Projects are evaluated in terms of their priority, urgency and benefit in relation to all other capital projects with the current and projected fiscal resources in mind. This review, along with the knowledge of available funding, forms the basis of the programs recommended by the City Manager to the City Council. The decision on funding for capital projects is based on the merits of a particular project and the available funding from all financing sources.

Upon agreement by the City Council, the CIP is used in the development of the annual operating budget. The first year of the CIP provides guidelines for and ultimately reflects the Capital Budget with the following four years becoming the Capital Improvement Program.

The Capital Budget is incorporated into the City Manager's recommended annual budget that is subsequently reviewed and adopted by the City Council. By agreeing to the Capital Budget, the City Council does not actually commit to expenditures or appropriations, even in the first year. The City Council, during its annual budget review and approval process in May and June, will at that time approve those recommended capital projects it deems appropriate.